

venience I divide into two parts) prescribes (a) that government and corporation inscribed or registered securities are to be quoted ex dividend on the day after that on which the books close for the payment of the dividend, and (b) that securities deliverable by deed of transfer . . . [such as English railway debenture stocks and ordinary stocks and shares] are to be quoted as ex dividend on the account day following the date of the closing of the books for the payment of the dividend, or on the account day following the date on which the dividend may have been declared, provided the dividend be made payable to the holders then registered.

The account day on the Stock Exchange is that on which all bargains must be settled, and when accordingly the dividend in question must finally pass to the one side or the other; and since such dates must for general convenience be fixed at stated intervals, they cannot exactly coincide with the varying dates at which companies' books are closed. But it will be observed that the rule arranges as close a connection . . . as is practicable between the time of marking a stock *x d.* or *x in.* and the time of the shutting of the books of different companies.

The working of the process is interesting. If a bond is to be redeemed at par (£100) in a few years' time and its price now stands at 99, the price will obviously rise gradually (assuming it is certain of repayment) as the date of redemption approaches, until it reaches the £100 as its limit of value. In the same way does the price of a stock increase between one payment of dividend or interest and the ensuing one — omitting here the consideration of any effect on value produced by favourable or unfavourable reports about the security. Let' the rate of dividend or interest upon a stock be 3 per cent per annum, and let it be payable on the 20th of February and the 20th of August. After the dividend or interest due on the 20th of February had been discharged, assume that the value of the stock was 98—it being then of course quoted without the attachment of any dividend. Then its price must gradually grow from 98 by reason of the ensuing dividend it is

earning, and at the middle date, or the 20th of May, the price will be 98 plus the accrued interest for a quarter of a year, or 15s.